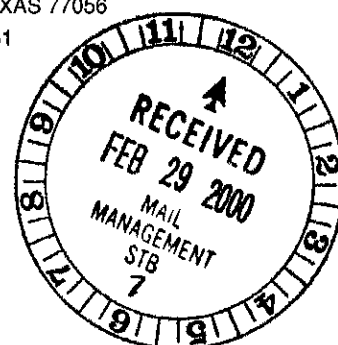


Reagent Chemical & Research, Inc.

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February 28, 2000



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Office of the Secretary

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Public Record

Mr. Vernon A. Williams
Secretary
Surface Transportation Board
1925 K Street, NW
Washington, DC 20423

RE: STB Ex Parte No. 582 – Major railroad consolidations and the present and future structure of the North American railroad industry.

Dear Secretary Williams:

In a decision issued on January 24, 2000, the Board announced that it was seeking public comment on railroad consolidations and the present and future structure of the North American railroad industry.

Please consider this as the verified statement of Edwin E. Vigneaux, on behalf of Reagent Chemical & Research, Inc.

I am currently Traffic Manager at Reagent Chemical, assigned the duties of all rail functions, i.e. rate and service negotiations, fleet utilization, fleet maintenance, etc. I have been serving in this position for five years, and have been involved in railroad transportation for almost thirty years.

Reagent Chemical is a marketer of Hydrochloric Acid. We ship product from almost 50 different sources to customers or terminals throughout North America. We operate a fleet of over 600 privately owned or leased rubber lined tank cars and over 150 privately owned rubber lined tank trucks. We make over 5,000 tank car shipments annually, and have a transportation budget of over \$10 million.

Reagent Chemical is very dependent upon consistent and dependable rail service. Over the past several years, we have seen the rail industry shrink from forty major rail carriers to just five today. In every instance, the railroads involved in the consolidation of these systems promised improved service and more competition. In our opinion, these mergers have caused a severe disruption of service and have done nothing to bring competitiveness to the rail industry.

Reagent Chemical is extremely concerned about the continued consolidation of the rail industry. The most recent announcement by the

Burlington Northern Santa Fe (BNSF) and Canadian National Illinois Central (CNIC) to merge their systems is an example of our concern. The consolidation of these two large railroads, while not significantly affecting Reagent Chemical's business per se, may lead to other consolidations that could have a drastic affect on our companies ability to compete in the marketplace.

The railroads recently announced that due to higher fuel and labor costs, they are going to more aggressively seek to raise rates. John W. Snow, CSX chairman and CEO, recently made comments to the investment community that the industry no longer has excess capacity. Therefore, more supply and demand type pricing will be used to determine rates.

The Railroad-Shipper Transportation Advisory Council deduced in 1998 that the rail industry was capacity constrained, with little or no resources to increase capacity. The Council also determined that without some regulatory reform and infusion of public funds, the rail industry would continue to shrink and large shippers would be favored over the small shippers. All of the consolidations since 1980 have not increased capacity or improved service.

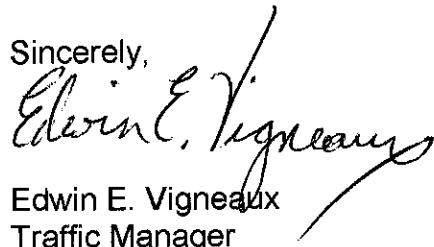
The above comments lead us to conclude the following:

- (1) There will be no significant increase in rail capacity in the near future.
- (2) There will be no increase in competition between the railroads due to continued consolidation.
- (3) There will be no improved service due to lack of capacity for growth and spikes in demand.
- (4) There will be a significant increase in rates.

Even though we have determined that the BNSF/CNIC merger would have no significant impact, positive or otherwise, on Reagent's business, we are concerned that the continued shrinking of the capacity of the rail industry will lead to poorer service and higher rates.

We applaud the Board for its decision to solicit public comments and to hold a hearing to address the affects of future rail consolidations on the rail industry in North America. Thank you for allowing Reagent Chemical to air its views.

Sincerely,

A handwritten signature in black ink, reading "Edwin E. Vigneaux". The signature is fluid and cursive, with a long, sweeping underline that extends to the right.

Edwin E. Vigneaux
Traffic Manager